

Message Text

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PASS AGRICULTURE

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SUBJECT: EC COUNCIL OF AGRICULTURAL MINISTERS' MEETING JANUARY
13-14, 1975

REF: EC BRUSSELS 9618 (1974)

1. SUMMARY: THE EC COUNCIL OF AGRICULTURAL MINISTERS DISCUSSED THE COMMISSION'S 1975/76 CAP SUPPORT PRICE PROPOSALS ON JANUARY 13-14 BUT MADE NO ATTEMPT TO REACH AGREEMENT ON NEW SUPPORT PRICES. THE COUNCIL WILL CONTINUE ITS DEBATE DURING THE WEEK BEGINNING JANUARY 20. THE COUNCIL'S DISCUSSIONS SHOWED A WIDE DIVERGENCE OF VIEWS WHICH UNDOUBTEDLY WILL REQUIRE MANY HOURS OF BARGAINING TO REACH A PRICE SETTLEMENT. DURING THE DISCUSSION ON GRAIN PRICES, THE UK REPORTEDLY PROPOSED A LEVY-FREE OR LEVY-REDUCED QUOTA FOR HARD WHEAT. OTHER MEMBER STATES AND THE COMMISSION DID NOT REACT FAVORABLY TO THAT PROPOSAL. THE UK ALSO REQUESTED THE COUNCIL TO SUBSIDIZE IMPORTS OF AN ADDITIONAL 300,000 TONS OF SUGAR. THE COUNCIL COULD NOT REACH AGREEMENT ON THIS REQUEST AND WILL DISCUSS IT FURTHER ON JANUARY 20. THE COUNCIL DID REACH AGREEMENT IN PRINCIPLE ON THE SALE OF 100,000 MT OF SKIM MILK POWDER FOR THE BENEFIT OF DEVELOPING

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COUNTRIES. END SUMMARY.

2. THE EC COUNCIL OF AGRICULTURAL MINISTERS, MEETING IN BRUSSELS ON JANUARY 13-14, HAD WHAT IRISH MINAG CLINTON DESCRIBED AS "GENERAL DISCUSSION" ON THE 1975/76 CAP PRICE PROPOSALS (REFTEL). THE MINISTERS DID NOT ATTEMPT TO REACH A CONVEGENCE OF VIEWS BUT RATHER CONFINED THEIR EFFORTS TO AIRING THEIR INDIVIDUAL VIEWS ON THE PROPOSALS. AS EXPECTED, THE DISCUSSION REVEALED A WIDE DIVERGENCE OF VIEWS AMONG THE MEMBER STATES, WHOSE VARIOUS POSITIONS ON THE PROPOSALS ARE SUMMARIZED BELOW.

3. GRAINS: ACCORDING TO DUTCH PERMREP SOURCES, THE UK ADVANCED TH IDEA OF A LEVY-FREE OR LEVY-REDUCED QUOTA FOR HARD WHAT. THIS IS SOMEWHAT OF A DEPARTURE FROM THE PREVIOUS BRITISH REQUEST FOR SPECIAL LEVY FOR HARD WHAT (SEE EC A-182 OF 6/20/74). THE UK APPARENTLY DID NOT SPECIFY AMOUNTS NOR WHETHER IT HAS IN MIND A COMMUNITY-WIDE QUOTA OR A QUOTA ONLY FOR THE UK. THE OTHER MEMBER STATES AND THE COMMISSION REPORTEDLY WERE NOT ENCHANTED WITH THE UK PROPOSAL AND COMPLAINED ABOUT SUCH AN IDEA BEING RAISED RUING THE DISCUSSIONS ON NEW SUPPORT PRICES. LARDINOIS SAID THE UK PROPOSAL WAS UNREASONABLE IN VIEW OF THE FACT THAT THE UK HAS HAD ACCESS TO EC WHEAT AT BELOW-WORLD MARKET PRICES. LARDINOIS' RESPONSE IGNORES THE FACT THAT THE EC DOES NOT PRODUCE HARD WHEATS.

4. ON THE FIXING OF THE LEVEL OF GRAIN SUPPORT PRICES, UK MINAG PEART CALLED FOR MODERATION. HE ALSO CAUTIONED HIS COLLEAGUES ON THE EFFECT GRAIN PRICE INCREASES WOULD HAVE ON THE COSTS OF LIVESTOCK PRODUCTION. GERMANY AND FRANCE HAD NO GREAT QUARREL WITH THE COMMISSION PROPOSALS, ALTHOUGH FRANCE EMPHASIZED THAT A 10 - 12 PERCENT INCREASE IN GRAIN PRICES SHOULD BE MATCHED BY AN EQUIVALENT INCREASE IN BEEF AND PORK SUPPORT PRICES. ITALY COMPLAINED LOUDLY ABOUT THE DURUM PRICE PROPOSALS, CALLING THEM ENTIRELY INADEQUATE. THE COMMISSION PROPOSES THAT THE DURUM INTEVENTION PRICE BE RAISED BY 9 PERCENT AND THAT THE DEFICIENCY PAYMENT BE REDUCED IN TERMS OF UNITS OF ACCOUNT.

5. BEEF: HERE AGAIN THE UK SUGGESTED CHANGES IN THE CAP. SPECIFICALLY THE UK PROPOSED THAT THE INTERVENTION PRICE BE REDUCED FROM 93 PERCENT O 70 PERCENT OF THE ORIENTATION PRICE, AND THAT VARIABLE PREMIUMS BE GRANTED TO PRODUCERS TO ASSURE A LIMITED OFFICIAL USE
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CERTAIN FLOOR PRICE. FRANCE AND IRELAND, IN PARTICULAR, ASSAILED THE UK PROPOSALS. FRANCE PROPOSED A 12 PERCENT INCREASE IN BOTH THE ORIENTATION AND INTERVENTION PRICES AND QUESTIONED THE VALUE OF THE CURRENT SLAUGHTER DEFERRAL PREMIUMS WHICH EXPIRE IN FEBRUARY. THE FRENCH VIEW WAS THAT THESE PREMIUMS HELP TRADERS MORE THAN PRODUCERS AND TEND TO HAVE A DAMPENING EFFECT ON PRODUCER PRICES. THE IRISH GENERALLY SUPPORTED THE FRENCH VIEW.

6. DAIRY PRODUCTS: THE COMMISSION PROPOSES A 10 PERCENT INCREASE IN THE MILK TARGET PRICE, TO BE ACHIEVED THROUGH A 7

PERCENT INCREASE IN THE SKIM MILK POWDER INTERVENTION PRICE, A 13 PERCENT INCREASE IN THE BUTTER INTERVENTION PRICE, AND A 10 PERCENT HIKE IN INTERVENTION PRICES FOR ITALIAN CHEESE. FRANCE, SUPPORTED BY BELGIUM AND IRELAND, PROPOSED A 12 PERCENT INCREASE IN THE MILK TARGET PRICE. ACCORDING TO PRESS REPORTS, GERMANY, DRAWING SUPPORT FROM THE UK, SUGGESTED THAT PRODUCERS BE PENALIZED FOR EXCESS PRODUCTION BY THE IMPOSITION OF A TAX ON MILK DELIVERIES WHEN BUTTER STOCKS EXCEED A CERTAIN LEVEL. THE UK AND GERMANY REPORTEDLY ALSO EMPHASIZED THE NEED FOR CONTINUATION OF SPECIAL MEASURES TO INCREASE BUTTER CONSUMPTION. THE NETHERLANDS AND DENMARK WERE FAIRLY CONTENT WITH THE COMMISSION PROPOSALS.

7. AGRI-MONETARY SECTOR: THE COMMISSION PROPOSALS PROVIDE FOR AN ADJUSTMENT IN THE CONVERSION RATES BETWEEN THE UNIT OF ACCOUNT, ON THE ONE HAND, AND THE GERMAN DM, BELGIAN FRANC, DUTCH GUILDER AND FRENCH FRANC, ON THE OTHER. THESE ADJUSTMENTS WOULD LESSEN THE PRICE INCREASES IN GERMANY, NETHERLANDS AND BELGIUM AND WOULD ACCENTUATE THEM IN FRANCE IN TERMS OF NATIONAL CURRENCIES. ALL OF THE COUNTRIES INVOLVED EXCEPT THE NETHERLANDS REACTED STRONGLY AGAINST THESE PROPOSALS. THE NETHERLANDS SEEMED WILLING TO GO ALONG WITH A 2.7 PERCENT REVALUATION OF THE DUTCH GUILDER. IRELAND SUGGESTED THAT THE IRISH "GREEN POUND" BE AGAIN DEVALUED. THIS WOULD HAVE THE EFFECT OF A SUPPLEMENTARY INCREASE IN IRISH SUPPORT PRICES.

8. THE COUNCIL ALSO DISCUSSED OLIVE OIL BUT DID NOT DISCUSS PRICE PROPOSALS FOR OTHER PRODUCTS. THESE WILL BE TAKEN UP IN A MEETING BEGINNING ON JANUARY 20 WHICH IS EXPECTED TO LAST 3 DAYS. IF THE COUNCIL DOES NOT REACH AGREEMENT ON PRICES IN THAT MEETING, IT MIGHT HAVE ANOTHER MEETING IN WEEK BEGINNING JANUARY 27. THE COUNCIL WOULD LIKE TO REACH AGREEMENT ON PRICES LIMITED OFFICIAL USE LIMITED OFFICIAL USE

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BEFORE FEBRUARY 1.

9. AT THE END OF THE MEETING, THE UK REQUESTED THAT THE COUNCIL AGREE TO A SECOND STAGE OF IMPORT SUBSIDIZATION FOR SUGAR THE UK PROPOSED THAT THIS SECOND STAGE BE FOR 300,000 MT. THE FIRST STAGE, WHICH ENDS THIS WEEK, INVOLVED 200,000 MT. ERTL, GERMAN MINISTER, COMPLAINED ABOUT THE COST OF THE SUBSIDY PROGRAM. HE THEN ADDED THAT HE COULD NOT AGREE TO FURTHER IMPORT SUBSIDIES WITHOUT PRIOR APPROVAL OF THE GERMAN CABINET WHICH HE SAID HE DID NOT HAVE. UK AGMIN PEART FIRST SAID THAT HE WOULD NOT LEAVE UNTIL THE COUNCIL AGREES TO THE UK REQUEST. BUT HE FINALLY SOFTENED HIS STAND AND AGREED ON COUNCIL DISCUSSION IN THE MEETING BEGINNING JANUARY 20 PERMREP SOURCES THINK THAT THE COUNCIL WILL DECIDE IN FAVOR OF THE UK REQUEST.

10. ON MORE ROUTINE MATTERS, THE COUNCIL AGREED IN PRINCIPLE ON THE SALE OF 100,000 METRIC TONS OF SKIM MILK POWDER TO NON-PROFIT CHARITABLE ORGANIZATIONS FOR SHIPMENT TO DEVELOPING COUNTRIES.

THE POWDER WOULD BE SOLD BY THE EC AT 50 PERCENT OF THE INTER-
VENTION PRICE.GREENWALD

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